

# FY2006 Third Quarter Consolidated Financial Results:

For the 9 Months Ended December 31, 2005



February 1, 2006

Company name : Isuzu Motors Limited  
 Stock exchange listing : Code No. 7202, The 1st Section, Tokyo Stock Exchange in Japan  
 Headquarters : In Tokyo, Japan  
 Representative : Yoshinori IDA, President and Representative Director  
 URL : <http://www.isuzu.co.jp/world/investor/index.html>  
 Contact person : Hirotohi Kouyama, General Manager, General Affairs,  
 Corporate Administration Division, Isuzu Motors Limited, Tel: 81-3- 5471-1141

## 1. Basis for preparation of quarterly financial results:

- 1) Adoption of simplified accounting practices : Applicable  
 The standards for preparing the mid-term (consolidated) financial statements are generally applied, while using certain simplified procedures are used for calculating tax expenses, reporting depreciation expenses, and omitting physical stocktaking.
- 2) Changes in accounting practices from previous fiscal year : Applicable  
 The Company applies the Accounting Standards regarding the Impairment of Fixed Assets ("Comments on the Establishment of the Accounting Standards regarding the Impairment of Fixed Assets") (Business Accounting Council, August 9, 2002) as well as "The Implementation Guidance for the Accounting Standards regarding the Impairment of Fixed Assets" (Accounts Standards Board of Japan, October 31, 2003, the Implementation Guidance for the Accounting Standards No. 6). This caused net income before tax and other adjustments for the period from April to December 2005 to drop by ¥1,209 million.
- 3) Changes in scope of consolidation and equity method of accounting : 1 company  
 Number of affiliates added to the equity method of accounting

## 2. FY2006 third quarter financial results (April 1, 2005 through December 31, 2005)

1) Consolidated operating results (Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Net Sales		Operating profit		Working profit		Net income	
FY2006 Q3 (9 months to Dec. 31, '05)	1,133,678	4.8%	59,301	(7.6%)	62,382	(8.8%)	42,850	(16.1%)
FY2005 Q3 (9 months to Dec. 31, '04)	1,082,126	1.6%	64,208	8.9%	68,391	18.7%	51,060	-
(Ref.) Full year FY2005	1,493,567		87,214		91,555		60,037	

	Net income per share	Fully diluted net income per share
FY2006 Q3 (9 months to Dec. 31, '05)	35.88	22.89
FY2005 Q3 (9 months to Dec. 31, '04)	55.16	21.48
(Ref.) Full year FY2005	56.64	25.79

(in Yen)

(Note) The percentage points for net sales and operating profit represent year-on-year changes.

Average number of shares issued and outstanding in each period (consolidated):

Common stock: FY2006 Q3: 1,126,884,543 shares FY2005 Q3: 925,480,617 shares

Full year FY 2005: 953,762,418 shares

(Reference) Parent company operating results (Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Net Sales		Operating profit		Working profit		Net income	
FY2006 Q3 (9 months to Dec. 31, '05)	654,663	2.6%	34,068	(27.6%)	44,917	4.4%	35,604	8.1%
FY2005 Q3 (9 months to Dec. 31, '04)	638,166	(4.7%)	47,038	(8.1%)	43,024	(3.7%)	32,950	-
(Ref.) Full year FY2005	880,072		60,566		53,907		27,019	

	Net income per share	Fully diluted net income per share	(in Yen)
FY2006 Q3 (9 months to Dec. 31, '05)	29.80	19.62	
FY2005 Q3 (9 months to Dec. 31, '04)	35.59	13.86	
(Ref.) Full year FY2005	25.18	11.61	

(Note) The percentage points for net sales and operating profit represent year-on-year changes.

Average number of shares issued and outstanding in each period :

Common stock: FY2006 Q3: 1,127,282,065 shares FY2005 Q3: 925,894,780 shares  
Full year FY 2005: 954,151,478 shares

### [ Qualitative information regarding (consolidated) operating results ]

In the period from April to December 2005, domestic sales increased 5,394 units and Y35.2 billion compared with the same term in the previous year mainly owing to the robust economic growth and the Company's sales efforts.

In overseas markets, sales increased Y16.2 billion from the same term last year. Sales of pickup trucks produced in Thailand grew, so did sales of light-duty trucks, owing to the ongoing improvement of the overseas sales network, mainly as a result of these factors, sales volume increased 94,230 units.

The impact of price hikes for steel was offset with the Company's general cost reduction efforts. Increased expenses, however, such as aggressive investment in research and development to enable future growth led to reduction in profits.

As a result, for the period from April to December 2005, the Company posted sales revenue of Y1,133.6 billion (up 4.8% year on year), operating profit of Y59.3 billion (down 7.6%), working profit of Y62.3 billion (down 8.8%) and net income of Y51.0 billion (down 16.1%).

Sales revenue and income for the 3rd quarter, from October to December 2005, both increased from the same quarter in the previous year, even though a reserve was set aside for service expenses to be spent improving the quality standards.

### 2) Changes of the consolidated financial position

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Total assets (in million yen)	Shareholders' equity (in million yen)	Shareholders' equity as a percentage of total assets (%)	Shareholders' equity per share (in yen)
FY2006 Q3 (9 months to Dec. 31, '05)	1,133,103	227,894	20.1%	138.50
FY2005 Q3 (9 months to Dec. 31, '04)	1,230,223	189,140	15.4%	89.53
(Ref.) Full year FY2005	1,142,580	158,463	13.9%	81.53

(Note) Number of shares issued and outstanding at the end of each period:

Common stock: FY2006 Q3: 1,140,002,005 shares FY2005 Q3: 995,482,930 shares  
FY 2005: 1,072,507,611 shares

### (Reference) Changes of the parent company's financial position

(Unit: Millions of Yen, fraction less than million omitted) (Y-o-Y changes in %)

	Total assets (in million yen)	Shareholders' equity (in million yen)	Shareholders' equity as a percentage of total assets (%)	Shareholders' equity per share (in yen)
FY2006 Q3 (9 months to Dec. 31, '05)	840,499	223,402	26.6%	134.52
FY2005 Q3 (9 months to Dec. 31, '04)	890,423	213,240	23.9%	113.72
(Ref.) Full year FY2005	812,521	169,353	20.8%	91.67

(Note) Number of shares issued and outstanding at the end of each period:

Common stock: FY2006 Q3: 1,140,352,143 shares FY2005 Q3: 995,807,765 shares  
FY 2005: 1,072,833,759 shares

### [ Qualitative information regarding (consolidated) financial position ]

At the end of the third quarter in December, consolidated shareholders' equity had increased Y69.4 billion from the end of the previous consolidated fiscal year, to Y227.8 billion. This was primarily due to the net income of Y42.8 billion recorded from April to December 2005, as well as Y16 billion from the sale of new shares whose subscription rights were executed by convertible bond holders. The company made further progress in reducing outstanding interest-bearing debt (excluding CB's), ending the reporting period with Y358.3 billion, down Y34.8 billion from the end of the previous consolidated fiscal year.

### 3. Forecast of consolidated financial results for full-year FY2006 (April 1, 2005 to March 31, 2006)

The company's forecast of the full-year financial results remains the same as the Forecast for Consolidated Results of FY 2006 announced on November 17, 2005.

**Attachment**

Average number of shares issued and outstanding in each period

	FY2006 Q3	FY2005 Q3	FY2005
	shares	shares	shares
Common stock	1,126,884,543	925,480,617	953,762,418
Preferred Stock			
Class 1 preferred stock	37,500,000	37,500,000	37,500,000
Class 2 preferred stock	-	37,500,000	31,027,397
Class 3 preferred stock	25,000,000	25,000,000	25,000,000
Class 4 preferred stock	25,000,000	25,000,000	25,000,000

Number of shares issued and outstanding at the end of each period

	FY2006 Q3	FY2005 Q3	FY2005
	shares	shares	shares
Common stock	1,140,002,005	995,482,930	1,072,507,611
Preferred Stock			
Class 1 preferred stock	37,500,000	37,500,000	37,500,000
Class 2 preferred stock	-	37,500,000	-
Class 3 preferred stock	25,000,000	25,000,000	25,000,000
Class 4 preferred stock	25,000,000	25,000,000	25,000,000

Note: Details on change of Number of Shares issued in current period

Exercised Date of Stock Acquisition Right	(Stock Type)	Number of Shares issued	Amount added to capital
2005.4.14	Common stock	15,313,935 shares	2,006,125,485 Yen
2005.5.31	Common stock	17,452,006 shares	2,006,980,690 Yen
2005.6.6	Common stock	34,904,013 shares	4,013,961,495 Yen
TOTAL	Common stock	67,669,954 shares	8,027,067,670 Yen

Calculation for "2.FY2006 third quarter financial results"

$$\text{Net income per share} = \frac{\text{Net income}}{\text{Average number of common stock issued and outstanding in each period} + \text{Number of common stock increased based on if-converted method of Conversion type participative stock} - \text{Average number of common stock for treasury}}$$

Net income per share after dilution of potential stock =

$$\frac{\text{Net income}}{\text{Average number of common shares issued and outstanding in each period} + \text{Number of common stock increased based on if-converted method of "Conversion type participative stock"} + \text{Number of common stock increased based on if-converted method of "Convertible stock which the period for claiming the conversion has not yet come"} + \text{Number of common stock increased based on if-converted method of "Bonds with warrant attached"} - \text{Average number of common stock for treasury}}$$

Shareholders' equity per share =

$$\frac{\text{Total shareholder's equity} - \text{Number of preferred shares issued and outstanding at the end of each period} \times \text{Amount per share}}{\text{Number of common stock issued and outstanding at the end of each period} - \text{Average number of common stock for treasury}}$$

(Per share information)

FY2006 Q3		FY2005 Q3		FY2005	
Shareholders' equity per share	138.50Yen	Shareholders' equity per share	89.53Yen	Shareholders' equity per share	81.53Yen
Net income per share	35.88Yen	Net income per share	55.16Yen	Net income per share	56.64Yen
Net income per share after dilution of potential stock	22.89Yen	Net income per share after dilution of potential stock	21.48Yen	Net income per share after dilution of potential stock	25.79Yen

Computation of Net income per share and Net income per share after dilution of potential stock are as follows:

	FY2006 Q3	FY2005 Q3	FY2005
Net income per share	Millions of yen	Millions of yen	Millions of yen
Net income	42,850	51,060	60,037
Accounts not belonging to common stock	—	15	597
(Dividend)	—	—	582
(Directors' bonus)	—	15	15
Net income on common stock	42,850	51,045	59,439
	Shares	Shares	Shares
Average number of shares issued and outstanding in each period:			
(Common stock)	1,194,224,610	925,480,617	1,049,456,198
(Class 4 preferred stock)	1,126,884,543	925,480,617	953,762,418
	67,340,067	—	95,693,780
Net income per share after dilution of potential stock	Millions of yen	Millions of yen	Millions of yen
Net income adjustment	—	—	582
(Dividend)	—	—	582
	Shares	Shares	Shares
Number of common stock increased	677,413,234	1,451,456,034	1,278,306,871
(Convertible stock which the period for claiming the conversion has not yet come)	622,895,623	1,302,498,671	1,110,914,480
(Bonds with warrant attached)	54,517,611	148,957,363	167,392,391

**(Summary) Consolidated Statements of Operations**

(Yen in millions)

	FY2006 Q3 (Apr.-Dec. '05)		FY2005 Q3 (Apr.-Dec. '04)		Change
		%		%	
<b>Net sales</b>	<b>1,133,678</b>	100.0	<b>1,082,126</b>	100.0	<b>51,551</b>
<b>Cost of sales</b>	<b>968,604</b>	85.4	<b>924,939</b>	85.5	<b>43,665</b>
<b>GROSS PROFIT</b>	<b>165,074</b>	14.6	<b>157,187</b>	14.5	<b>7,886</b>
<b>Selling, general and administrative expenses</b>	<b>105,773</b>	9.3	<b>92,978</b>	8.6	<b>12,794</b>
<b>OPERATING PROFIT</b>	<b>59,301</b>	5.2	<b>64,208</b>	5.9	<b>(4,907)</b>
<b>Non-operating income</b>	<b>14,411</b>	1.3	<b>17,558</b>	1.6	<b>(3,146)</b>
<b>Non-operating expenses</b>	<b>11,329</b>	1.0	<b>13,375</b>	1.2	<b>(2,045)</b>
<b>WORKING PROFIT</b>	<b>62,382</b>	5.5	<b>68,391</b>	6.3	<b>(6,008)</b>
<b>Extraordinary profit</b>	<b>7,820</b>	0.7	<b>6,000</b>	0.6	<b>1,819</b>
<b>Extraordinary loss</b>	<b>17,906</b>	1.6	<b>18,142</b>	1.7	<b>(236)</b>
<b>PRETAX INCOME</b>	<b>52,296</b>	4.6	<b>56,249</b>	5.2	<b>(3,952)</b>
<b>Corporation tax adjustments</b>	<b>4,878</b>	0.4	<b>3,374</b>	0.3	<b>1,503</b>
<b>Minorities Interest</b>	<b>4,568</b>	0.4	<b>1,813</b>	0.2	<b>2,754</b>
<b>NET INCOME</b>	<b>42,850</b>	3.8	<b>51,060</b>	4.7	<b>(8,210)</b>

Note: Fraction less than million omitted.

**(Summary) Consolidated Balance Sheet**

(Yen in millions)

	December 31, 2005	March 31, 2005	Change	December 31, 2004
<b>[ASSETS]</b>				
<b>CURRENT ASSETS</b>	<b>532,500</b>	<b>568,215</b>	<b>(35,714)</b>	<b>629,702</b>
Cash on cash equivalents	92,533	139,357	(46,823)	197,232
Trade notes and accounts receivable	227,520	248,744	(21,224)	202,865
Inventories	161,902	124,526	37,375	151,867
Other	50,544	55,587	(5,042)	77,737
<b>FIXED ASSETS</b>	<b>600,602</b>	<b>574,364</b>	<b>26,237</b>	<b>600,521</b>
<b>Property, plant &amp; equipment</b>	<b>454,986</b>	<b>458,613</b>	<b>(3,627)</b>	<b>491,625</b>
<b>Intangible assets</b>	<b>7,516</b>	<b>7,666</b>	<b>(149)</b>	<b>5,947</b>
<b>Investments &amp; other assets</b>	<b>138,099</b>	<b>108,084</b>	<b>30,014</b>	<b>102,947</b>
Securities-Investment	89,742	65,339	24,402	60,624
Long-term loans receivable	23,425	22,291	1,134	21,936
Other	24,931	20,453	4,477	20,387
<b>TOTAL ASSETS</b>	<b>1,133,103</b>	<b>1,142,580</b>	<b>(9,477)</b>	<b>1,230,223</b>
<b>[LIABILITIES]</b>				
<b>CURRENT LIABILITIES</b>	<b>499,774</b>	<b>541,918</b>	<b>(42,144)</b>	<b>665,990</b>
Trade notes and accounts payable	286,429	278,511	7,918	280,139
Short-term borrowings	103,667	151,513	(47,845)	266,276
Current maturities of bonds	—	—	—	10,000
Other	109,676	111,893	(2,216)	109,573
<b>LONG-TERM LIABILITIES</b>	<b>387,232</b>	<b>428,009</b>	<b>(40,777)</b>	<b>360,001</b>
Bonds	52,870	12,634	40,235	2,670
Bonds with warrant attached	—	56,000	(56,000)	77,000
Long-term debt	201,766	228,956	(27,190)	140,960
Accrued retirement and severance benefits	60,780	60,057	723	60,389
Deferred income tax related to land revaluation	49,647	49,571	76	57,167
Other	22,167	20,790	1,377	21,813
<b>TOTAL LIABILITIES</b>	<b>887,006</b>	<b>969,928</b>	<b>(82,922)</b>	<b>1,025,992</b>
<b>[MINORITY INTEREST]</b>				
<b>Minority Interest</b>	<b>18,202</b>	<b>14,188</b>	<b>4,014</b>	<b>15,091</b>
<b>[SHAREHOLDERS' EQUITY]</b>				
<b>Common stock and preferred stock</b>	<b>40,644</b>	<b>32,617</b>	<b>8,027</b>	<b>82,085</b>
<b>Capital surplus</b>	<b>50,408</b>	<b>42,435</b>	<b>7,972</b>	<b>81,967</b>
<b>Retained earnings</b>	<b>53,296</b>	<b>10,460</b>	<b>42,835</b>	<b>(59,631)</b>
<b>Variance of land revaluation</b>	<b>77,871</b>	<b>77,791</b>	<b>80</b>	<b>90,023</b>
<b>Unrealized holding gain on securities</b>	<b>13,705</b>	<b>8,324</b>	<b>5,380</b>	<b>7,036</b>
<b>Foreign currency translation adjustment</b>	<b>(7,803)</b>	<b>(12,946)</b>	<b>5,142</b>	<b>(12,143)</b>
<b>Treasury stock</b>	<b>(228)</b>	<b>(220)</b>	<b>(8)</b>	<b>(198)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>227,894</b>	<b>158,463</b>	<b>69,430</b>	<b>189,140</b>
<b>TOTAL LIABILITIES &amp; MINORITY INTEREST &amp; SHAREHOLDERS' EQUITY</b>	<b>1,133,103</b>	<b>1,142,580</b>	<b>(9,477)</b>	<b>1,230,223</b>

Note: Fraction less than million omitted.

## Sales by Segments

(Fraction less than million omitted)

	FY2006 Q3 (Apr.-Dec.'05)		FY2005 Q3 (Apr.-Dec.'04)		Changes	
	Units	In million yen	Units	In million yen	Units	In million yen
Japan	23,100	168,213	20,072	140,082	3,028	26,130
Overseas	14,843	52,201	16,104	57,674	(1,261)	(5,473)
HD, MD Total	37,943	220,414	36,176	199,757	1,767	20,656
Japan	45,277	120,658	42,911	110,679	2,366	9,978
Overseas	243,844	356,142	148,353	186,463	95,491	169,678
LD Total	289,121	476,800	191,264	297,143	97,857	179,657
Japan	68,377	288,871	62,983	252,762	5,394	36,109
Overseas	258,687	408,343	164,457	244,138	94,230	164,205
Vehicle Total	327,064	697,215	227,440	496,900	99,624	200,314
Overseas	-	51,280	-	50,493	-	786
Overseas production parts	-	51,280	-	50,493	-	786
Japan	-	24,564	-	23,228	-	1,336
Overseas	-	129,885	-	286,269	-	(156,384)
Engine/compo.	-	154,449	-	309,497	-	(155,047)
Japan	-	160,049	-	162,239	-	(2,189)
Overseas	-	70,682	-	62,994	-	7,687
Other	-	230,732	-	225,234	-	5,498
Japan	-	473,486	-	438,230	-	35,256
Overseas	-	660,192	-	643,896	-	16,295
Net Sales	-	1,133,678	-	1,082,126	-	51,551

Note:

> Consumption tax levied in Japan not included.

> Compared to the third quarter to December 2004, sales of engines and components significantly decreased.

This is principally because sales related to pickup trucks manufactured in Thailand, which used to be posted as part of sales of engines and components up to the first half of the previous fiscal year, are now regarded as sales of light-duty vehicles (LD) in the current quarter, in accordance with the addition of manufacturing subsidiaries in Thailand in the consolidated accounts.